

the **fleet sheet's final word**

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Škoda in China

[Škoda Auto](#) has done a commendable job of remaining "Czech," although it is 100% foreign-owned, has no Czechs on its management board and makes an increasing percentage of its vehicles abroad. Škoda employs 26,000 people directly, plus tens of thousands more indirectly as a manufacturing multiplier, and it pays billions of crowns in payroll, income and value-added tax to the Czech state. For every Škoda car that was produced last year, Škoda earned Kč 11,337 in operating profit, and millions of Czechs benefited in the process. We're told that Škoda's future is China, but for every Škoda vehicle made under license at the VW plant in Shanghai, Škoda received only Kč 5,099, which was mostly in royalty payments. The per-car revenue to Škoda was roughly half what a Czech-made car generated, and without the huge multiplier effect. The Škoda brand is prospering in China, but Czech workers, suppliers and taxpayers aren't getting very much from it. If this is the wave of the future, it is a rather worrisome one.

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